

1307

CHAPTER 391

1969 Senate Bill 518

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CHAPTER 391, LAWS OF 1969

AN ACT to repeal 221.29 (1) (cm), (f) and (h) and 221.31 (1) (b); to renumber 221.29 (1) (g) and 221.31 (1) (c); to amend 219.08, 220.04 (6) (d); as affected by chapter 276, laws of 1969, 220.075 (2), 221.31 (2) and 222.13 (1) (b); and to repeal and recreate 221.04 (4) (a), 221.29 (1) (b), (c) and (d), 221.30 (2) and 221.31 (1) of the statutes, relating to investments by banks and limitations on loans by banks and for loans to directors.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 219.08 of the statutes is amended to read:

219.08 A state bank is authorized to invest not to exceed in the aggregate ~~one per cent~~ 5% of its capital and surplus in shares of Wisconsin development credit corporation and shares of small business investment companies located in Wisconsin.

SECTION 2. 220.04 (6) (d) of the statutes, as affected by chapter 276, laws of 1969, is amended to read:

220.04 (6) (d) The commissioner of ~~banks~~ banking, with the approval of the banking review board, may establish rules regulating the kind and amount of foreign bonds or bonds and securities offered for sale by the international bank for reconstruction and development ~~or~~, the inter-American development bank and the Asian development bank which state banks, trust company banks and mutual savings banks may purchase, except that such rules shall not apply to bonds and securities of the Canadian government and Canadian provinces, which are payable in American funds.

SECTION 3. 220.075 (2) of the statutes is amended to read:

220.075 (2) For the purpose of computing such average of deposits there shall be deducted from the average of actual deposits an amount equal to the excess of the average for the same period of the combined total of cash on hand (including clearings), cash on deposit in approved reserve banks and the par value of direct obligations of the United States and obligations of agencies guaranteed as to principal and interest by the United States and obligations of other agencies of the United States maturing within 3 years owned by said bank over ~~20 per cent~~ 20% of such average of actual deposits for such yearly period.

SECTION 4. 221.04 (4) (a) of the statutes is repealed and recreated to read:

221.04 (4) STOCK IN INTERNATIONAL BANKING AND FINANCIAL INSTITUTIONS; FEDERAL NATIONAL MORTGAGE ASSOCIATION. (a) Any bank may, with the approval of the commissioner of banking, invest an amount not exceeding in the aggregate 15% of its paid-in capital stock and surplus in one or more corporations principally engaged in international or foreign banking, or banking in dependencies or insular possessions of the United States organized pursuant to ss. 611-631 of Title 12 of the United States Code, and any bank may also invest with the approval of the commissioner of banking an amount not exceeding in the aggregate 10% of its paid-in capital stock and surplus in the stock of one or more corporations principally engaged in international or foreign financial operations other than banking as well as such financial operations in dependencies or insular possessions of the United States organized pursuant to said ss. 611-631 of Title 12 of the United States Code.

CHAPTER 391

1308

SECTION 5. 221.29 (1) (cm), (f) and (h) of the statutes are repealed.

SECTION 6. 221.29 (1) (b), (c) and (d) of the statutes are repealed and recreated to read:

221.29 (1) (b) This limitation shall be 30% of capital and surplus in addition to that stated in par. (a) for the following liabilities:

1. Liabilities secured by warehouse receipts issued by warehousemen licensed and bonded in this state under s. 100.13 or under the federal bonded warehouse act, and providing such receipts cover readily marketable nonperishable staples which are fully covered by insurance if it is customary to insure such staples, and providing the market value of such staples is not at any time less than 140% of the face amount of the obligation.

2. Liabilities in the form of notes or bonds and meeting any of the following qualifications:

a. Secured by not less than a like amount of bonds or notes of the United States issued since April 24, 1917, or certificates of indebtedness of the United States; or

b. Secured or covered by guarantees or by commitments or agreements to take over, or to purchase the bonds or notes made by any federal reserve bank or by the small business administration or by the department of defense or the maritime commission of the U.S.; or

c. Secured by mortgage or trust deeds insured by the federal housing administrator; or

d. Secured by mortgage or trust deeds insured by the secretary of agriculture through the farmers home administration, under Title 1 of the Bankhead-Jones farm tenant act, and amendments thereto.

(c) The limitations in this section shall not apply to liabilities in the form of notes and secured by not less than a like amount of direct obligations of the United States which will mature not more than 18 months from the date of such liabilities to the bank are entered into.

(d) The limitations of this section shall not apply to direct obligations of the United States, or obligations fully and unconditionally guaranteed by the United States, or to liabilities in the form of bonds issued by the federal land banks in accordance with sec. 21 of the federal farm loan act and amendments thereto, or in the form of notes, debentures and certificates of interest of the commodity credit corporation or debentures of federal intermediate credit banks or debentures issued by the banks for cooperatives established pursuant to the farm credit act of 1933, as amended, or in notes and debentures issued by the federal national mortgage association or the export-import bank of Washington or in notes, debentures and bonds issued by the federal home loan bank.

SECTION 7. 221.29 (1) (g) of the statutes is renumbered 221.29 (1) (e).

SECTION 8. 221.30 (2) of the statutes is repealed and recreated to read:

221.30 (2) No bank shall loan any part of its capital, surplus or deposits on the capital stock, capital notes or debentures of its own bank as collateral security.

SECTION 9. 221.31 (1) of the statutes is repealed and recreated to read:

221.31 (1) No bank shall loan without security more than \$2,500 in the aggregate to any director, officer, or employe, and any loan in excess of such amount shall be subject to the following conditions: The loan shall previously be approved by resolution of the board of directors recorded in its minutes or be within the limits of a line of credit approved for such director, officer or employe at least annually by resolution of the board of directors recorded in its minutes. The amount of any loan in excess of \$2,500 made to such person shall be secured in full by indorsement or col-

lateral security, the sufficiency of which shall be reviewed by the board of directors at its first meeting after each new loan.

SECTION 10. 221.31 (2) of the statutes is amended to read:

221.31 (2) Every officer, director or employe of any bank ~~or mutual savings bank~~ who in violation of this section, directly or indirectly, borrows or otherwise procures for his use money, funds or property of such bank ~~or mutual savings bank in excess of \$1,000 in amount or value upon his credit~~ or through the use of his credit or accommodation of another person, ~~firm or corporation~~ or by acceptance for discount at said bank ~~or mutual savings bank~~ of any note, bond or evidence of debt which he knows or has reason to know is worth less than the price at which it is accepted as an asset, shall be ~~punished by imprisonment~~ *imprisoned* in the state prison not exceeding 10 years.

SECTION 11. 222.13 (1) (b) of the statutes is amended to read:

222.13 (1) (b) In notes, debentures and bonds of one or more federal home loan banks, debentures of one or more banks for ~~co-operatives~~ *cooperatives*, debentures of the central bank for ~~co-operatives~~ *cooperatives*, bonds of one or more federal land banks, notes and debentures of the federal national mortgage association, debentures of the federal intermediate credit banks, but investment in any one of the aforesaid of the same class and issue shall not exceed 50% of the guaranty fund and undivided profits. Investment in bonds of the international bank for reconstruction and development ~~and~~, bonds of the inter-American development bank *and bonds of the Asian development bank* shall be limited to 10% of the guaranty fund and undivided profits ~~of either of such bonds~~; in bankers' acceptances eligible for purchase by federal reserve banks, said investment shall not exceed 50% of the guaranty fund and undivided profits; and in stock in a federal home loan bank or stock in a federal reserve bank, investment shall not exceed an amount that will qualify such mutual savings bank for membership in said federal home loan bank or federal reserve bank.

SECTION 12. SECTION 3 of this act shall take effect on April 1, 1969, or on the 1st day of the month following passage and publication, whichever occurs later.

Approved Feburary 3, 1970.
